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ACTION SCA-00

INFO	LOG-00	EEB-00	AF-00	AID-00	ACQ-00	CEA-01	COME-00
	CTME-00	INL-00	DOEE-00	DOTE-00	PERC-00	DS-00	EAP-00
	DHSE-00	EUR-00	EXIM-01	OIGO-00	E-00	FAAE-00	FBIE-00
	VCI-00	FRB-00	H-00	TEDE-00	INR-00	IO-00	ITC-01
	LAB-01	MOFM-00	MOF-00	CDC-00	VCIE-00	DCP-00	NRC-00
	NSAE-00	ISN-00	OES-00	OMB-00	NIMA-00	PM-00	GIWI-00
	P-00	SCT-00	ISNE-00	DOHS-00	FMPC-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	NCTC-00	ASDS-00	CBP-00	BBG-00
	IIP-00	SCRS-00	PMB-00	DSCC-00	PRM-00	DRL-00	G-00
	NFAT-00	SAS-00	FA-00	SRAP-00	SWCI-00	PESU-00	SEEE-00
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TAGS: [PGOV](#) [PTER](#) [PREL](#) [ECON](#) [EAID](#) [ENRG](#) [MOPS](#) [PK](#) [IN](#) [AF](#)

SUBJECT: ASSESSMENT OF PRESIDENT ZARDARI'S FIRST YEAR IN
OFFICE

Classified By: Ambassador Anne W. Patterson...

Classified By: Ambassador Anne W. Patterson. Reasons 1.4 b and d

1. (C) Summary: When Asif Ali Zardari took oath as Pakistan's President on September 9, 2008, he inherited a series of intersecting politic
2. (C) Zardari, however, still has numerous challenges ahead of him, not least dealing with poor service delivery by government departments
3. (C) While post recognizes the limited overall capacity within the PPP to tackle these issues, we continue to believe that Pakistan's poli
Consolidating Control of the PPP
4. (C) On September 9, 2008, Asif Ali Zardari finalized his ascension as principal leader of the Pakistan Peoples Party (PPP) with his elect
5. (C) Since taking over as president, Zardari through a skillful carrot and stick approach has managed to consolidate his position within t
6. (C) While Zardari has been successful within the leadership ranks of the PPP in consolidating his power, he has been far less effective i
7. (C) In addition, Zardari has failed to reactivate effectively the PPP patronage networks through which party loyalists were traditionally
Building Popular Support and Improving Governance
8. (C) Zardari has been equally unable to shift his and the government's perception with the general public. His and the government's appr
Zardari's decision to remove the incompetent and corrupt Petroleum Minister was a positive step, but the lack of follow-through in a thorough
Improving Relations with the Opposition and the Establishment
9. (C) Despite his and his government's lack of popularity, Zardari has been largely successful in building political support for his signat
10. (C) Similarly his outreach to the PML-N through Prime Minister Gilani has opened a channel of communication that had previously been not
11. (C) Although not without its problems, Zardari's ability to manage his relationship with the military and intelligence establishment has
Zardari's decisions not to prosecute former President Pervez Musharraf and his decision to allow the military to run the Malakand operation w
Strengthening Democracy
12. (C) After nearly ten years of military intervention in and management of politics, Zardari inherited a state in September 2008 with ir
13. (C) Zardari has been unable to resolve satisfactorily many of these issues but at the same time, he has been able to keep them from di
Dealing with Militancy and Local Extremism
14. (C) In addition to the serious terrorism problem in NWFP and FATA, Zardari inherited in September 2008 a long-standing militant indepe
15. (C) Similarly, Zardari has been unsuccessful in finding ways to prevent and combat growing extremist influence in southern Punjab, nor
Improving Regional Relationships
16. (C) Former President Musharraf had made substantial progress in improving relations with India through the back-channel, although Indi
Zardari came to office ideologically committed to building on the progress made by Musharraf, a commitment symbolized by the October 2008 res
Zardari, however, has repeatedly signaled his intention to resume the bilateral dialogue and the recent decision to offer increased autonomy
Improving Macro-Economic Management
17. (C) Though GDP growth fell from 4.1 percent to 2 percent during Zardari,s first year in office, his administration took a number of i
Weathering the Global Economic Slow-Down
18. (C) Pakistan,s economy fared reasonably well given the exigencies of the global financial crisis and world economic slowdown. Banks,
Need to Increase Revenue
19. (C) With a tax to GDP ratio hovering at 9 percent, Pakistan has one of the lowest rates of revenue collection in the world. Only 1 pe
In cooperation with the IFIs, the Zardari administration is working to phase in a value-added tax (VAT) to close the revenue gap. Official i
The Minister of Finance has termed this growing inflow as his "insurance policy" against potential shocks to Pakistan,s external sector.
20. (C) The IMF,s 25-month, \$11.3 billion Stand By Arrangement, agreed to in November 2008 and augmented in August 2009 has proven critical
In April 2009, donor nations pledged over \$5.25 billion over the next two years to support the social safety net and provide the GOP with add
Energy
21. (C) Pakistan,s ailing power sector has drained the government treasury, impeded industrial development, and led to rioting across Paki
\$4.6 billion in inter-corporate and bank debt from the sector and raise energy tariffs to cover costs. Under significant political pressure,
Sustained Engagement in the FATA
22. (C) In September 2008, the Pakistan government had no sustained operations ongoing against terrorists and extremists based in the FA
23. (C) Sustained military engagement with militants in northern FATA, where groups were seen as posing a direct threat to settled areas ar
24. (C) Despite these successes, Zardari has not/not succeeded in fully changing the orientation of the Pakistan military. While COAS Kiy
Responding to the Malakand Insurgency
25. (C) The expansion of militant activities into the Malakand Division and the resulting erosion of the writ of the state caught the gove
26. (C) The militants' failure to adhere to the peace deal and their decision to attempt to extend control from Swat into other parts of th

¶27. (C) The Malakand Division operation showed a demonstrable improvement in counter-insurgency operations on the part of the government in Improving Counter-Insurgency Capability

¶28. (C) On taking office in September 2008, President Zardari inherited a military that saw counter-insurgency operations as near the bottom. Border Coordination

¶29. (C) The inauguration of a Border Coordination Center near the Khyber Pass in March 2008 offered the Pakistan government an infrastructure. Pakistani forces are increasingly using deconfliction processes to coordinate indirect and direct fire with ISAF/Coalition elements in response.

¶30. (C) Comment: One year into his five-year tenure, President Asif Ali Zardari has made some progress in dealing with the political, economic, and security challenges. PATTERSON